

## **Kenya's smallholder dairy farming is bleak amid great opportunities**

**By James K. Mutura and David K. Mugambi**

Two years ago, the country experienced a milk glut resulting to a situation where customers were given one free packet of milk for every two purchased notwithstanding that the price per half a litre was less than Shs 30. Equally astonishing were the reported cases of milk being poured to the drains in some parts of Nyandarua County. This year the situation has completely changed and customers are not only charged a high price of shs 45 per half a litre but are equally discouraged from buying more than two packets at a time. It is estimated that about 70% of the country's milk output is derived from the smallholder farmers. Extreme price variations as has happened in the past are not healthy to the dairy sector.

Globally, it is estimated that there are about 150 million small-scale dairy farming households, majority of whom are found developing countries. Making smallholder dairy production more competitive could be a powerful tool for reducing poverty, raising nutrition levels and improving the livelihoods of the rural population in many developing countries. These smallholder farmers are affected by trade liberalization which increasingly exposes them to competition from multinational and local large scale dairy companies which are able to swiftly respond to changes in the market environment. This creates a production strategy dilemma to the smallholder farmers who dominate the sector.

Dairy farming remains a major farm activity in Kenya, accounting for 3.8% of national GDP and acts as a source of income, employment and food to many households. It is the single largest component within the agricultural sector and is larger in value (Ksh.100 billion) than horticulture (Ksh. 65.7 billion) or tea (Ksh. 46.8 billion). The country has highest population of dairy cattle Sub-Saharan Africa and her dairy herd is more than the combined total of the rest of Eastern and

Southern Africa countries. These milk deficient countries provide an important export market for Kenya dairy products but the country only exports less than 1% of the dairy output. The growing consumer demand for dairy products driven by population growth and rising incomes, offers important domestic market opportunities for smallholder farmers. The current per capita milk consumption in Kenya of not more than 100 litres is lower than WHO recommendation of 200 litres. Whenever seasonal milk yields rise, neither does the domestic market absorb the enhanced output nor is the surplus sold out to the EAC or COMESA markets, where the country's goods enjoy preferential access. This brings us to the critical issue of milk access both within the country and in the export market. Kenya's dairy cattle milk yield at about 1500 Kg per cow per year remains significantly below international standards. This adversely affects the returns as the unit cost of production is high. This contrasts with countries such as South Africa and Argentina that have high yields ranging between 2,500 and 3,500 kilograms per cow per year, while the USA has an average of 9,000 per cow per year. Dairy Farmers in these countries operate profitably due to economies of scale arising from higher output.

Despite enormous market opportunities for the country's dairy sector, small holder farmers face a bleak future and hence rendering them unable to exploit the existing market potential. In their annual meetings last month, the two livestock staff associations; Animal Production Society of Kenya and Kenya Veterinary Association, it was revealed that the funding level to the Ministry of Livestock Development is quite low and the number of technical staff has reached the lowest level ever. There are no signs that contracted employees whose tenure is ending will be engaged once again. This has led to a situation whereby the technical livestock staff to farmer ratio is approximately 1: 4000, against the recommended ratio of 1: 400. These are the key staff that would assist farmer address issues of productivity, cost of production, and sanitary and phytosanitary

market requirements. The Ministry of Livestock Development should be sufficiently funded in order to hire enough livestock production and veterinary officers in order to efficiently handle the 1.8 million smallholder dairy farmers and the estimated 3.3million dairy cattle. This notwithstanding that there are about 10 million beef cattle that need technical and professional care. In any case the government has been quick to avail funds for the hiring of teachers and doctors. The same should apply to the livestock sector whose products have positive domino effect on human health among others.

There is need to explore other avenues of funding the dairy sector. The government should compel commercial banks to allocate the sector and related enterprises a certain percentage, say 10%, of their loan book in order to boost production for domestic and export markets. The Agricultural Finance Corporation should be adequately funded and thereafter aggressively publicize credit products available to smallholder dairy farmers. Farmers' organizations such as dairy marketing cooperatives should be harmonized and given tax holidays by the government as a strategy of encouraging value addition and expansion of market horizons.

*The Authors are Doctorate Students at School of Agriculture and Enterprise Development, Kenyatta University. Views expressed are personal*

**Emails: David K. Mugambi [daudimwaambi@yahoo.com](mailto:daudimwaambi@yahoo.com) ,**

**James K. Mutura [kuriamutura@gmail.com](mailto:kuriamutura@gmail.com)**